Oral Statement of
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THE ELECTRICITY SECTOR RESPONSE TO THE CRITICAL INFRASTRUCTURE PROTECTION CHALLENGE

Good afternoon Mr. Chairman and members of the subcommittee. Thank you for the opportunity to discuss the electric utility industry's response to the Critical Infrastructure Protection Challenge. My name is Michehl R. Gent and I am President and CEO of the North American Electric Reliability Council (NERC). NERC is a not-for-profit organization formed after the Northeast blackout in 1965 to promote the reliability of the bulk electric systems that serve North America. We work with all segments of the electric industry — investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal, and provincial utilities; independent power producers; and power marketers — as well as customers to "keep the lights on." We do this by developing and encouraging compliance with rules for the reliable operation of these systems. NERC's members are the ten Regional Reliability Councils that account for virtually all the electricity supplied in the United States, Canada, and a portion of Baja California Norte, Mexico.

NERC has worked closely with the industry and the federal government in areas relating to terrorism and sabotage of the electric systems of North America. Since 1998, these activities have included cyber-terrorism.

Since the mid-1980s, NERC has served as the electric utility industry's primary point of contact on a number of issues relating to national security. We have been involved with the electromagnetic pulse phenomenon, vulnerability of electric systems to state-sponsored sabotage and terrorism, Year 2000 rollover impacts, and now the threat of cyber terrorism. At the heart of our efforts is an ongoing commitment to work with various federal government agencies such as the U.S. National Security Council, U.S. Department of Energy, and Federal Bureau of Investigation to reduce the vulnerability of interconnected electric systems to such threats.

In September 1998, the U.S. Secretary of Energy asked for NERC's assistance, on behalf of the electricity sector, in developing a program for protecting the nation's critical electricity sector infrastructure. We agreed to participate as the sector's coordinator.

A short time later, NERC and the electric industry started working closely with the National Infrastructure Protection Center to develop a voluntary, industry-wide physical and cyber security indications, analysis, and warning reporting procedure. This program provides NIPC with information that, when combined with other intelligence available to it, will allow NIPC to provide the electric industry with timely, accurate, and actionable alerts and warnings of imminent or emerging physical or cyber attacks.

NERC and the industry have a long history of working with federal, state, and local government agencies. For instance, in the 1980s the NERC Board of Trustees resolved that each electric utility should develop a close working relationship with its local Federal Bureau of Investigation office, if it did not already have such a relationship. The Board also directed NERC staff to establish and maintain a working relationship with the FBI at the national level.

In my prepared testimony I discuss several critical infrastructure protection programs that NERC participates in. They are the Critical Infrastructure Protection Working Group; the Indications, Analysis,

and Warning Program; the Electricity Sector Information Sharing and Analysis Center; Critical Infrastructure Protection Planning; and the Partnership for Critical Infrastructure Security.

To expand of one of these programs, the Indications, Analysis and Warnings Program reporting procedure is modeled on an existing electric system disturbance reporting procedure that requires electric utilities to report system disturbances that meet predefined criteria to the U.S. Department of Energy. A pilot IAW program to include cyber events was field tested in one NERC Regional Reliability Council in the fall and winter of 1999/2000. The program was refined and successfully rolled out to the industry during workshops held in the fall and winter of 2000/2001. Currently, NERC is developing a comprehensive communications program to bring the IAW program to the attention of those industry entities that were not able to participate in the workshops.

In conclusion, I would like to say that NERC is very satisfied with the close working relationship that we have with NIPC and with other

Federal agencies, and we have every expectation of continuing and building upon these relationships in the future.

I look forward to your questions.